

VZCZCXRO1652
OO RUEHCHI RUEHDT RUEHHM RUEHNH
DE RUEHGO #0353/01 1330936
ZNY CCCCC ZZH
O 120936Z MAY 08
FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7553
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBY/AMEMBASSY CANBERRA 1169
RUEHBJ/AMEMBASSY BEIJING 1869
RUEHKA/AMEMBASSY DHAKA 4874
RUEHNE/AMEMBASSY NEW DELHI 4713
RUEHUL/AMEMBASSY SEOUL 8257
RUEHKO/AMEMBASSY TOKYO 5819
RUEHCN/AMCONSUL CHENGDU 1468
RUEHCHI/AMCONSUL CHIANG MAI 1581
RUEHCI/AMCONSUL KOLKATA 0326
RUEAIIA/CIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/DIA WASHDC
RUEHGV/USMISSION GENEVA 3691
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUCNDT/USMISSION USUN NEW YORK 1583
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000353

SIPDIS

STATE FOR EAP/MLS, SES-O, INR/EAP
PACOM FOR FPA
TREASURY FOR OASIA,

E.O. 12958: DECL: 05/12/2018
TAGS: [EWWT](#) [ECON](#) [ETRD](#) [PGOV](#) [PREL](#) [SENV](#) [BM](#)
SUBJECT: BURMA: THILAWA PORT RESUMES LIMITED OPERATIONS

REF: A. RANGOON 352
[1](#)B. RANGOON 338
[1](#)C. RANGOON 334

RANGOON 00000353 001.2 OF 002

Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d)

[1](#)1. (C) Summary. The Myanmar International Terminal Thilawa (MITT) resumed limited operations on May 10, shipping industry officials confirm. Small feeder ships are able to navigate the Rangoon River, and the Port Authority continues to dredge the river to accommodate larger ships. The GOB remains focused on securing imports of key supplies, including construction materials, food, and fuel, which businesses are able to import without licenses. Burma received a shipment of 10,000 gallons of diesel on May 10; another shipment is expected by May 13. Exports have also resumed; we observed port workers loading timber, rice, and pulses onto ships on May 11. The GOB and private companies plan to resume rice exports to Sri Lanka and Africa by the end of May. End Summary.

MITT Port Open for Business

[1](#)2. (C) Myanmar Port Authority officials continue to work diligently to repair the Rangoon ports, Bay Line Shipping Director Captain Quamruddin Ahmed told us (Ref C). Officials, using mobile cranes on loan from Tay Za, have removed some of the debris from the Rangoon River, allowing small feeder cargo and container ships to travel to the Myanmar International Terminal Thilawa (MITT). Officials continue to dredge the river, and plan to clear the area from MITT to Sule Warf in the next two to three weeks. Port Authority officials are also rebuilding the jetties at MITT; currently, the port can handle two ships at one time, Ahmed

noted. (Note: prior to the storm, MITT could handle five ships at one time. End Note.) Consequently, the GOB decided to open MITT for limited operations, focusing more on imports of selected goods rather than exports.

13. (C) According to business contact Zaw Naing, BSO-5 Lt. General Myint Swe told Burmese businesses that they may import construction materials (corrugated tin sheets, zinc nails, cement), food, and fuel without import licenses, provided they are used for relief and reconstruction efforts (Ref A). Zaw Naing confirmed that Burmese business consortium Myanmar Egress Group successfully imported 10,000 gallons of diesel fuel on May 10 (Ref C). The consortium is currently selling the fuel in the Rangoon markets at market prices, around 6,000 kyat (\$5.50) a gallon. Shipping industry contacts confirm that two feeder ships docked at MITT on May 11, carrying construction materials and edible oil. These goods should also be available for purchase in the Rangoon markets, Zaw Naing declared.

Ships In, Ships Out

14. (C) While the GOB is focused on bringing in select items for relief and reconstruction, it is also working to resume exports of Burmese products. During a trip to MITT on May 11, we saw port workers loading two ships with rice and timber. Ahmed, who owns one of the ships, told us that export companies and freight forwarders resumed loading cargo onto ships on May 9, although they are able to load only during the day because of the lack of lights and electricity at night. Due to the lack of cranes, limited manpower, and irregular supply of electricity, loading cargo onto the ships

RANGOON 00000353 002.2 OF 002

takes longer than normal, he declared, which further delays exports. Ahmed told us that on May 10, he observed dock workers loading timber, beans and pulses, and frozen fish on to two ships, which departed later that day.

15. (C) Ahmed, whose ships will carry rice to Sri Lanka later this month, confirmed that the GOB has allowed private companies to resume rice exports. Bay View Shipping is currently loading 7,000 metric tons of rice onto a cargo ship, which it will send to Sri Lanka as soon as possible, perhaps by May 19. Ahmed was unsure whether Aye Yar Shwe Wa, the private company with the contract to sell rice to Sri Lanka, would meet its pledge of 50,000 metric tons. He also confirmed that another private company was loading 9,000 metric tons of rice to deliver to Africa later this month. The GOB itself would also resume rice exports, he declared. Myanmar Economic Cooperation (MEC) planned to ship 17,000 metric tons of rice to Africa by the end of May; the rice was already in the MEC warehouse at the port, he stated.

Comment

16. (C) The Myanmar Port Authority has made resuming port operations a top priority, since it provides a way for businesses to bring in necessary relief materials. If all goes according to the Port Authority's plan, all four of Rangoon's ports should be operational by July. Many of the products imported over the weekend are already available in the markets, and consequently prices of certain goods, such as diesel and gas, have stabilized. However, the port's operations remain limited and only a few ships can enter the port to load or unload each day. That the GOB has started to resume exports of high-value products, monopolizing the two MITT jetties so it can load timber and rice, shows that it places a higher priority on earning hard currency rather than encouraging imports of relief materials.

VILLAROSA